

City of Imperial
Transportation Development Act Funds
Financial Statements
June 30, 2007

City of Imperial
Transportation Development Act Funds

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June 30, 2007

Local Transportation Fund – Non-Transit

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City of Imperial
Local Transportation Fund – Non-Transit
June 30, 2007



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

City of Imperial
Imperial, California

We have audited the financial statements of the Local Transportation Fund – Non-Transit of the City of Imperial as of and for the fiscal year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Transportation Fund – Non-Transit of the City of Imperial as of June 30, 2007, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was also conducted for the purpose of determining compliance with the Transportation Development Act Section 99400(a), the California Administrative Code, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed to the extent applicable, the tasks contained in Section 6666 of the California Administrative Code.

In our opinion, the funds allocated and received by the Local Transportation Fund – Non-Transit of the City of Imperial were expended and accounted for in conformance with the applicable laws, rules, and regulations of the Transportation Development Act, the California Administrative Code, and the allocation instructions of the Imperial Valley Association of Governments.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
December 12, 2008

CITY OF IMPERIAL
LOCAL TRANSPORTATION FUNDS - NON-TRANSIT
BALANCE SHEET
June 30, 2007

	Pedestrians and Bicycles Fund Article 3	Local Streets and Roads Fund Article 8(a)	Bus Benches and Shelters Fund Article 8(e)	Total
Assets				
Cash and investments	\$ 46,054	\$ 71,416	\$ 18,065	\$ 135,535
Interest receivable	216	334	85	635
Due from other governments	1,716	3,264	693	5,673
Total Assets	\$ 47,986	\$ 75,014	\$ 18,843	\$ 141,843
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities				
Fund Equity				
Unreserved, designated	47,986	75,014	18,843	141,843
Total Fund Equity	47,986	75,014	18,843	141,843
Total Liabilities and Fund Equity	\$ 47,986	\$ 75,014	\$ 18,843	\$ 141,843

See accompanying notes to financial statements

CITY OF IMPERIAL
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 For The Fiscal Year Ended June 30, 2007

	Pedestrians and Bicycles Fund Article 3	Local Streets and Roads Fund Article 8(a)	Bus Benches and Shelters Fund Article 8(e)	Total
Revenues				
Use of money and property	\$ 921	\$ 2,397	\$ 365	\$ 3,683
Total Revenues	921	2,397	365	3,683
Expenditures				
Transportation		50,000		50,000
Total Expenditures		50,000		50,000
Excess of Revenues Over (Under) Expenditures	921	(47,603)	365	(46,317)
Fund balances, July 1, 2006	47,065	122,617	18,478	188,160
Fund balances, June 30, 2007	\$ 47,986	\$ 75,014	\$ 18,843	\$ 141,843

See accompanying notes to financial statements

CITY OF IMPERIAL
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ARTICLE 3
 For The Fiscal Year Ended June 30, 2007

	Budget	Actual	Variance Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 921	\$ 921
Intergovernmental - TDA/LTF	90,585		(90,585)
Total Revenues	90,585	921	(89,664)
Expenditures			
Transportation	151,000		151,000
Total Expenditures	151,000		151,000
Excess of Revenues Over (Under) Expenditures	(60,415)	921	61,336
Fund balance, July 1, 2006	47,065	47,065	
Fund balance, June 30, 2007	\$ (13,350)	\$ 47,986	\$ 61,336

See accompanying notes to financial statements

CITY OF IMPERIAL
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ARTICLE 8(a)
 For The Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Use of money and property	\$ -	\$ 2,397	\$ 2,397
Intergovernmental - TDA/LTF	<u>90,585</u>	<u></u>	<u>(90,585)</u>
Total Revenues	<u>90,585</u>	<u>2,397</u>	<u>(88,188)</u>
Expenditures			
Transportation	<u>151,000</u>	<u>50,000</u>	<u>101,000</u>
Total Expenditures	<u>151,000</u>	<u>50,000</u>	<u>101,000</u>
Excess of Revenues Over (Under) Expenditures	(60,415)	(47,603)	12,812
Fund balance, July 1, 2006	<u>122,617</u>	<u>122,617</u>	
Fund balance, June 30, 2007	<u>\$ 62,202</u>	<u>\$ 75,014</u>	<u>\$ 12,812</u>

See accompanying notes to financial statements

CITY OF IMPERIAL
 LOCAL TRANSPORTATION FUNDS - NON-TRANSIT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ARTICLE 8(e)
 For The Fiscal Year Ended June 30, 2007

	Budget	Actual	Variance Positive (Negative)
Revenues			
Use of money and property	\$ -	\$ 365	\$ 365
Intergovernmental - TDA/LTF	90,585		(90,585)
Total Revenues	90,585	365	(90,220)
Expenditures			
Transportation	151,000		151,000
Total Expenditures	151,000		151,000
Excess of Revenues Over (Under) Expenditures	(60,415)	365	60,780
Fund balance, July 1, 2006	18,478	18,478	
Fund balance, June 30, 2007	\$ (41,937)	\$ 18,843	\$ 60,780

See accompanying notes to financial statements

City of Imperial
Local Transportation Funds – Non-Transit
Notes to Financial Statements
June 30, 2007

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Local Transportation Funds – Non-Transit are special revenue funds of the City of Imperial and the financial statements of the funds are included in the basic financial statements of the City.

Basis of Accounting

The Local Transportation Funds – Non-Transit are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to financial expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Note 2 – Internal Accounting Control

As part of our audit, a study was performed of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements. No material weaknesses in internal control were discovered.

City of Imperial
Local Transportation Fund
June 30, 2007



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

City of Imperial
Imperial, California

We have audited the financial statements of the Local Transportation Fund of the City of Imperial as of and for the fiscal year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Local Transportation Fund of the City of Imperial as of June 30, 2007, and the results of its operations and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was also conducted for the purpose of determining compliance with Transportation Development Act Section 99400, the California Administrative Code, and the rules and regulations of the Imperial Valley Association of Governments. In our audit, we performed to the extent applicable, the tasks contained in Section 6667 of the California Administrative Code.

In our opinion, the funds allocated and received by the Local Transportation Fund of the City of Imperial were expended and accounted for in conformance with the applicable laws, rules, and regulations of the Transportation Development Act, the California Administrative Code, and the allocation instructions of the Imperial Valley Association of Governments.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
December 12, 2008

CITY OF IMPERIAL
LOCAL TRANSPORTATION FUND
STATEMENT OF NET ASSETS
June 30, 2007

Assets	
Cash	<u>\$ -</u>
Total Assets	<u> </u>
Liabilities	
Accounts payable	8,341
Due to City of Imperial	<u>72,534</u>
Total Liabilities	<u>80,875</u>
Net Assets (Deficit)	
Unrestricted	<u>(80,875)</u>
Total Net Assets (Deficit)	<u><u>\$ (80,875)</u></u>

See accompanying statements to financial statements

CITY OF IMPERIAL
LOCAL TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2007

Operating Revenues	
Fares and other fees	<u>\$ 77,072</u>
Total Operating Revenues	<u>77,072</u>
Operating Expenses	
Purchased transportation services	<u>107,876</u>
Total Operating Expenses	<u>107,876</u>
Change in Net Assets	(30,804)
Net Assets (Deficit), July 1, 2006	<u>(50,071)</u>
Net Assets (Deficit), June 30, 2007	<u><u>\$ (80,875)</u></u>

See accompanying notes to financial statements

CITY OF IMPERIAL
LOCAL TRANSPORTATION FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007

Cash Flows From Operating Activities	
Cash received from users	\$ 77,072
Cash payments to supplier and contractors	<u>(77,072)</u>
Net Cash Provided (Used) By Operating Activities	<u> </u>
Cash and Cash Equivalents, June 30, 2006	<u> </u>
Cash and Cash Equivalents, June 30, 2007	<u><u>\$ -</u></u>
Reconciliation to Statement of Net Assets	
Due to City of Imperial	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income(loss)	\$ (30,804)
Adjustments:	
Increase (decrease) in due to/due from	27,879
Increase (decrease) in accounts payable and accrued liabilities	<u>2,925</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ -</u></u>

See accompanying notes to financial statements

**City of Imperial
Local Transportation Fund
Notes to Financial Statements
June 30, 2007**

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Local Transportation Fund is a special revenue fund of the City of Imperial and the financial statements of the fund are included in the basic financial statements of the City.

Basis of Accounting

The Local Transportation Fund is accounted for using the modified accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Amounts Due from Other Governments

Generally, amounts due from other governments are recorded as revenues when received. However, when the expense of funds is the prime factor for determining eligibility for grants, revenue is accrued when the expenses have been incurred on an approved grant.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Local Transportation Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Note 2 – Transit Services Provided

The City of Imperial (City) contracted with a local transit provider to provide a demand response transportation service for the general public within the City limits of Imperial, California.

Note 3 – Internal Accounting Control

As part of our audit, a study was performed of the City's system of internal accounting control to the extent considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements. No material weaknesses in internal control were discovered.

Note 3 – Fare Revenue Ratios 2006-2007

	Required Ratio	Actual Ratio
Fare revenues	0.20	0.71 $\frac{77,072}{107,876}$

**City of Imperial
Local Transportation Fund
Notes to Financial Statements
June 30, 2007**

Note 5 – Capital Reserves

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the required fare, local support and the amount received during the year from a City or County to which the operator has provided service beyond its boundaries. Net excess at June 30, 2007 was:

	<u>Operating Funds</u>	
	<u>2007</u>	<u>2006</u>
TDA deferred excess revenue	\$ (50,071)	\$ (50,580)
Revenue:		
Operating income	77,072	71,302
Interest income		
Total available	<u>77,072</u>	<u>71,302</u>
Less:		
Operating cost	<u>107,876</u>	<u>70,793</u>
Net TDA excess deferred revenue	<u>\$ (80,875)</u>	<u>\$ (50,071)</u>

Funds which have been drawn down by the City of Imperial can not be held in their own account for more than three years minus the time such monies lay reserved in the LTF. The City of Imperial is in compliance with the California Code of Regulations (CCR) section 6634.